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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 7, 2000

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE990717

To revise its fuel factor
pursuant to § 56-249.6 of
the Code of Virginia

ORDER ADDRESSING REQUESTS FOR
INVESTIGATION AND HEARING

On December 21, 1999, Virginia Electric and Power Company ("Virginia Power" or "the Company") filed with the Commission an application, testimony, and exhibits requesting an increase in its current fuel factor from 1.152¢ per kWh to 1.339¢ per kWh, effective February 1, 2000. On December 29, 1999, the Commission entered an Order establishing a procedural schedule. Because of the complexity of issues in this case, a hearing date was set for February 17, 2000. However, the Order granted the Company's request that the proposed fuel factor of 1.339¢ per kWh be effective February 1, 2000.

The Commission's December 29, 1999, Order also set a deadline of January 27, 2000, for the filing of Notices of Protest, Protests, and Protestant testimony and exhibits.¹ On that date, the Commission received correspondence from two

members of the Board of County Supervisors of Prince William County. Mary K. Hill, the Coles District Supervisor, and John D. Jenkins, the Neabsco District Supervisor, each filed a letter with a Request for Scheduling of Hearing in Prince William County ("Request for Hearing"). These letters and the accompanying Requests for Hearing express opposition to Virginia Power's application and ask: (1) that the Commission conduct an investigation into the reasonableness of the proposed increase; (2) that any rate increase be postponed indefinitely pending the results of that investigation; (3) that the Commission hold a hearing on the Company's application; and (4) that the hearing occur in Prince William County. In support of these requests, the correspondence states that the residents of Prince William County are affected by the proposed revision in rates and that the Commission should schedule a hearing in this matter in a way that is convenient for those having an interest.

The Commission is mindful of the concerns raised by this correspondence and recognizes the importance of the fuel factor on rates that Virginia Power's customers must pay. The Commission's December 29, 1999, Order addresses several of these concerns. First, the Order requires the Commission's Staff to investigate the reasonableness of Virginia Power's estimated costs and proposed fuel factor and to file public testimony

¹ By Order dated January 27, 2000, the deadline for the filing of Protests and Protestant testimony and exhibits was extended to February 3, 2000.

detailing its findings and recommendations. These findings are subject to scrutiny through cross-examination by the Company and any Protestants in this case.

Additionally, the Commission has scheduled a public evidentiary hearing in this matter for February 17, 2000. On that date, the Commission will hear testimony from members of the public, Protestants, the Company, and the Commission's Staff regarding the issues surrounding the determination of the fuel factor. Such a hearing is designed to provide the Commission with the information it needs to determine whether the proposed fuel factor is reasonable in light of considerations such as the Company's efforts to minimize fuel costs and the need to maintain reliable sources of fuel supply.

The Commission's December 29, 1999, Order also granted Virginia Power's request for a fuel factor effective date of February 1, 2000. The Commission shares the concern raised by the correspondence that Virginia Power's ratepayers not be asked to bear the burden of an overly inflated fuel factor. To prevent such a situation, § 56-249.6 of the Code of Virginia provides the Commission with the authority to continuously review fuel costs, which are subject to true-up for any over- or under-recoveries incurred in previous years. Additionally, if the Commission finds, at any time, that the Company is in an over-recovery position by more than five (5) percent, or is likely to be so, the Commission may reduce the fuel factor to

correct for such an over-recovery. Therefore, it is unnecessary to move the fuel factor's effective date at this time.

Finally, in an effort to obtain input from Protestants and members of the public throughout Virginia Power's service territory, the Commission's December 29, 1999, Order required the Company, on or before January 14, 2000, to publish notice discussing its request for an increase in its fuel factor and providing details on participation in this Commission case. The notice invites any member of the public desiring to make a statement concerning this case to attend the February 17, 2000, hearing at the Commission's courtroom in Richmond, Virginia, a generally centralized location in Virginia Power's service territory. Because this notice has already been published and because the fuel factor is an issue with broad impact throughout Virginia Power's entire service territory, the Commission declines to move the hearing to Prince William County at this time. However, any member of the public is welcome and encouraged to attend the February 17, 2000, hearing in Richmond, Virginia. Accordingly,

IT IS ORDERED THAT:

(1) The January 27, 2000, Requests for Scheduling of Hearing in Prince William County hereby are denied.

(2) The remaining requests are moot because the Commission is investigating the application, will hold a public hearing, and will order correction to any incorrect collection resulting

from the implementation of the fuel factor effective February 1, 2000.

(3) Any member of the public desiring to make a statement regarding the fuel factor may do so by appearing in the Commission's second floor Courtroom on February 17, 2000, at 9:45 a.m. and identifying himself or herself as a public witness to the Commission's bailiff.

(4) This matter is continued generally.